

## **2010 City of Memphis Operating Budget** **Proposal of Jim Strickland, City Councilman**

### **Snap Shot of Memphis**

For years, Memphis has been saddled with the state's highest combined tax rate (city and county), which is substantially higher than the surrounding counties. Compared to the other large cities in Tennessee, Memphians pay 26% more than those citizens in Chattanooga and 36% more than taxpayers in Nashville.

### **TAX RATES IN TENNESSEE**

	<b>County</b>	<b>City</b>	<b>Total</b>	<b>Total Tax for \$100,000 house</b>	<b>Total Tax for \$150,000 house</b>
1.	SHELBY	MEMPHIS	\$7.29	\$1,822.50	\$2,733.75
2.	SHELBY	BARTLETT	\$5.63	\$1,407.50	\$2,111.25
3.	SHELBY	GERMANTOWN	\$5.63	\$1,407.50	\$2,111.25
4.	KNOX	KNOXVILLE	\$5.50	\$1,375.00	\$2,062.50
5.	ANDERSON	OAK RIDGE	\$5.45	\$1,362.50	\$2,043.75
6.	SHELBY	COLLIERVILLE	\$5.37	\$1,342.50	\$2,013.75
7.	HAMILTON	CHATTANOOGA	\$5.36	\$1,339.00	\$2,008.50
8.	SHELBY	MILLINGTON	\$5.32	\$1,330.00	\$1,995.00
9.	MADISON	HUMBOLDT	\$5.30	\$1,325.00	\$1,987.50
10.	SHELBY	ARLINGTON	\$5.09	\$1,272.50	\$1,908.75
29.	DAVIDSON	NASHVILLE	\$4.69	\$1,172.50	\$1,758.75
	TIPTON	COVINGTON	\$3.53	\$ 882.50	\$1,323.75
	FAYETTE	SOMERVILLE	\$2.31	\$ 577.50	\$ 866.25
Mayor's Proposed Rate*			\$7.86	\$1,965.00	\$2,947.50

\*The City's portion would increase from \$3.25 to \$3.82, a 17.5% increase.

These comparatively high taxes would not be as much of a problem if we were successfully dealing with the two most fundamental local government functions - - crime and schools.

### **"Voting With Their Taillights"**

People and businesses are "voting with their taillights" as a result of high crime, struggling schools, and high property taxes.

Despite three annexations forcing over 33,000 people to live in Memphis in the last nine years, our population has steadily decreased.

#### **POPULATION DECREASE**

2000	690,571
2001	685,921
2002	683,607
2003	681,214
2004	678,757
2005	676,738
2006	677,345
2007	674,028

#### **Population Decreasing, Government Expanding**

Memphis City Government has consistently increased in size and cost despite governing a city that is shrinking.

#### **BUDGET INCREASES**

Total Net Expenditures	
2007 Actual	\$488,130,463 <sup>1</sup>
2008 Actual	\$563,542,562 <sup>2</sup>
2009 Forecast	\$584,019,426 <sup>3</sup>
2010 Proposed	\$577,300,012 <sup>4</sup>

#### **EMPLOYMENT NUMBERS (FTE)**

2000	5,704	2006	5,800
2001	5,973	2007	5,620
2002	5,789	2008	6,200
2003	5,769	2009	6,309
2004	5,837	2010	6,216

#### **Recession**

The recent economic recession has greatly impaired sales tax revenue. In fact, sales tax receipts for Memphis should decrease by approximately \$ 6 million.

As a result, city government will have fewer funds to govern our community.

---

<sup>1</sup> Operating Budget Overview, (April 21, 2008)

<sup>2</sup> FY 2010 Operating Budget, GFS - 1

<sup>3</sup> FY 2010 Operating Budget, GFS - 1

<sup>4</sup> FY 2010 Operating Budget GFS - 1

## **Mayor's Proposed Budget**

Two months ago, Mayor Herenton presented a proposed budget to the Council that was “balanced” with no layoffs and a 3% raise for all employees. It did not, however, account for \$57 million owed by the City to Memphis City Schools.

In addition, the City and County have agreed that the County will pick up \$8 million in the City's obligation to the Health Department. Therefore, if Memphians are to feel the relief from this “double taxation,” their Memphis City taxes need to be reduced by \$8 million.

In short, the Mayor's proposed budget needs to be reduced by \$65 million.

## **Budget Reductions**

In order to reduce the budget, the Council needs to adhere to some priorities or guidelines. I propose the following:

### **PRIORITIES IN BUDGETING**

#### **1. Public Safety**

The safety of Memphians is the top priority of City Government. It is the number one reason for the existence of government. There should be no budget cuts in any areas directly affecting public safety.

#### **2. Court Ruling on School Funding**

The Shelby County Chancery Court entered an Order finding that the City of Memphis owed a duty to fund Memphis City Schools. During the pendency of the appeal, the Court stayed or suspended its judgment for the 2008-2009 year.

With respect to the 2009-2010 year, the Court stated that the City must pay and instructed the school board to return to Court quickly if the City refused.

As a result, the City of Memphis must issue tax bills up to \$57 million for school funding.

Even if the Court of Appeals or Supreme Court overturns the Chancery Court ruling by August 2010, the City's budget should be reduced by \$57 million to give way to the County government replacing the funding and still giving Memphis taxpayers a net tax decrease.

**3. Services Directly Affecting the Public**

Although not as important as safety, the City provides many services which contribute to the public welfare, quality of life, and economic prosperity of our community. Those City departments directly servicing the public should be preserved as much as reasonably possible.

**4. Responsibilities Owed to Non-Management City Employees**

Memphis has wonderful employees devoted to the service of our taxpayers and the betterment of our City. They deserve to be treated well and compensated fairly. If a choice has to be made, due to economic circumstances, between increased benefits and a reduction in workforce, it is fairer to a larger group of employees to maintain employment levels. It is also better for taxpayers because there will be little or no loss in services.

**5. Internal City Management**

While necessary for the efficient management of government, any necessary cuts should begin with upper management because it affects the public less and these departments can absorb more of the losses.

**I. CURRENT CUTS BY BUDGET COMMITTEE:****\$10,146,824****II. ADDITIONAL CUTS REJECTED BY BUDGET COMMITTEE OR NOT YET PROPOSED:**

## Police:

Seminars	\$ 39,000
Travel	\$ 66,000
Inspectional Services (Internal Affairs)	
2 Secretaries	\$ 88,052
Administration	
1 Clerk	\$ 30,726

## City Council:

Seminars	\$ 7,153
Travel	\$ 30,000
Cell Phones	\$ 2,000
Food	\$ 7,500

## City Court Clerk:

Total Quality Management	\$ 5,000
Seminars	\$ 10,000
Travel	\$ 10,000
Furniture	\$ 15,000
Mileage	\$ 4,000

## House &amp; Community Development:

Travel	\$ 9,570
Dues/Memberships	\$ 7,800

## City Court Judges:

Travel	\$ 14,362
--------	-----------

## General Services:

Travel	\$ 4,500
Rewards & Recognition	\$ 1,000
Seminars	\$ 14,950
Furniture	\$ 5,000

Parks:

Travel	\$ 5,000
--------	----------

Finance:

Travel	\$ 24,710
Furniture	\$ 2,000

Fire:

1% Budget	\$1,625,852
Travel	\$ 167,765
Seminars	\$ 38,906 (2008 level)

Human Resources:

New Employee Positions (non-police)	\$ 171,878
New Employee Positions (police)	\$ 466,710
Employee Positions Added in 2008	\$ 349,314
Total Quality Management	\$ 33,776
Seminars	\$ 31,952
Rewards and Recognition	\$ 10,626
Travel Expense	\$ 15,400
Mileage	\$ 13,818 (2008 level)

Executive:

Travel	\$ 63,563
Seminars	\$ 63,870
Mileage	\$ 7,917 (2008 level)

Public Services:

Travel	\$ 15,924
Seminars	\$ 8,301 (2008 level)
Dues	\$ 14,364 (2008 level)
Furniture	\$ 1,366

Community Enhancement:

Seminars	\$ 14,100
Travel	\$ 11,592

Note: Travel expense reduction was originally proposed by Councilman Shea Flinn.

All Divisions:

1. How much do divisions pay for food?
2. Take home vehicles – Only for “those whose job functions require them to be available at all times for immediate emergency response where they have actual responsibility over a scene or those who are assigned to specialized response units working a scene.” (Section 6-20.9, Group II (1), of City Vehicle Policy.)

Delete funding for cars under subsection (2) of Group II

All Directors, except Fire and Police, and all Deputy Directors

\$44,251.40 in maintenance and fuel

Any other costs?

Other Fire and Police – to be determined

Note: Food and take home vehicles reductions were originally proposed by Councilman Kemp Conrad.

**TOTAL:** **\$ 3,574,928**

**III. ELIMINATE 3% RAISES:**

City Employees (Not including Legal Division) \$11,680,328

MATA \$ 662,000

**TOTAL:** **\$12,342,328**

**IV. PERCENT ACROSS THE BOARD REDUCTIONS:**

**A. PART TIME OR TEMPORARY POSITIONS (Line item 051402)**

1. Percentages:

0% - Police and Fire

2.5% - Community Enhancement

5% - Departments Directly Providing Services to the Public

10% - All Other Departments

2. Actual Reductions:

Community Enhancement – (2.5) - \$11,452

Human Resources - (10) - \$37,551

Public Services:

Animal Shelter (5) - \$3,800  
Music Commission (5) - \$875

General Services:

Property Management (5) - \$5,562  
City Hall Operation (5) - \$927

Finance (10) - \$29,227

City Engineer (5) - \$669

Mayor:

Citizens Service Center (5) - \$368  
Youth Services – already cut 29%

Parks:

Planning & Development (5) - \$1,079  
Parks & Operations – already cut 27%  
Park Facilities – already cut 29%  
Community Centers – already cut 18%  
Golf – already cut 30%

3. If a Division or Department is not mentioned above, it has little or no part time or temporary workers.
4. The following should increase due to reduction of in Full time and Part time/Temporary positions:  
Memphis Public Library – Restore \$50,000 of \$443,388 cut in proposed budget

**Total Net Part Time/Temporary Positions:**

**\$41,510**

**B. MATERIALS AND SUPPLIES**

1. Percentages:

1% - Police & Fire  
3% - Community Enhancement  
5% - Departments Directly Providing Services to the Public  
10% - All other Departments



2. Reductions:

Human Resources – (10%) - \$377,373

Public Services:

Administration (10) - \$4,287

Special Services (5) - \$4,028

Animal Shelter (5) - \$13,375

Motor Vehicle Inspection (5) – \$8,754

Music Commission (10) - \$5,000

Library Services – Already Reduced 10%

Police (1) - \$188,197

City Council (3) - \$10,158

General Services:

Administration (10) - \$1,617

Property Management (5) - \$74,711

Real Estate (5) - \$17,900

City Hall Operation (5) - \$52,798

Vehicle Maintenance (1) - \$29,394

Finance (10) - \$117,426

City Engineering:

Design and Administration (7) - \$25,517

Signs & Markings (5) - \$34,130

Signal Maintenance (5) - \$35,556

Fire:

Administration (1) - \$161,535

Public Works:

Administration (5) - \$80,277

Street Maintenance (5) - \$76,917

City Court Judges – Already cut over 10%

City Court Clerk (5) - \$39,758

HUD (5) - \$6,801

Executive:

Mayor (10) - \$32,840  
CAO (10) - \$32,637  
Citizens Service Center (5) – \$1,691  
Youth Services (5) - \$21,126  
Emergency Operations Center (1) - \$2,260  
Information Systems (10) \$1,556,622

Parks:

Administration (10) – \$5,799  
Planning & Development (5) - \$755  
Parks Operations (5) - \$79,284  
Park Facilities (5) - \$101,867  
Community Centers – Already cut 17%  
Golf (5) - \$114,145

**Total Materials and Supplies:** **\$3,274,535**

**TOTAL:** **\$3,356,049**

**V. VACANCIES:**

City Council	\$54,269	(approved by committee)
City Court Clerk	\$136,603	(approved by committee)
City Engineering	\$164,343	(approved by committee)
City Judges	\$96,610	
Community Enhancement	\$1,005,603	
Executive	\$1,017,842	(approved by committee)
Finance	\$210,793	
General Services	\$953,627	
Human Resources	\$464,770	
OPD	\$38,023	
Parks	\$697,650	(1/2 of vacant positions)
Public Services	\$481,076	(approved by committee)
Public Works	\$182,083	(approved by committee)

Public Services Supervisor  
and Digital Projects Manager (\$92,447)

**TOTAL (not yet approved by Committee):** **\$3,374,629**

**VI. DECREASES IN SALARIES:**

	<b><u>Over \$90,000 – 10% reduction</u></b>		<b><u>\$70,000 - \$90,000 – 5% reduction</u></b>	
Executive	(6)	\$ 77,689	(3)	\$ 15,734
Finance	(6)	\$ 63,154	(6)	\$ 23,813
Fire	(19)	\$189,124	(63)	\$252,358
Police	(18)	\$183,333	(72)	\$271,202
Parks	(4)	\$ 44,842	(5)	\$ 23,787
Public Works	(3)	\$ 34,337	(2)	\$ 8,812
Personnel	(9)	\$ 94,116	(3)	\$ 11,524
Public Services	(7)	\$ 73,226	(9)	\$ 35,245
General Services	(2)	\$ 23,152	(6)	\$ 23,378
Community Enhancement	(2)	\$ 23,425	(1)	\$ 3,651
Engineer	(3)	\$ 43,264	(13)	\$ 54,763
Info Services	(6)	\$ 62,787	(6)	\$ 23,556
Council	(2)	\$ 19,209	(1)	\$ 3,514
Courts	(3)	\$ 39,809		
Court Clerk	(2)	\$ 23,220	(1)	\$ 4,351
	(92)	\$994,689	(191)	\$755,688
Council	(13)	<u>\$39,000</u>		
	(105)	\$1,033,689		

**TOTAL:****\$1,789,377****Summary of Reductions in Spending**

I.	Current Cuts	\$10,141,131
II.	Additional Cuts	\$ 3,574,928
III.	3% Raises	\$12,342,328
IV.	Percent Across the Board	\$ 3,356,045
V.	Vacancies	\$ 3,374,629
VI.	Decreases in Salaries	<u>\$ 1,789,377</u>
	Total	\$34,578,438

## **RECOMMENDATIONS**

1. Reduce budget by \$34,578,438. This proposal is a work in progress, and this amount will increase.
2. Use reserves in the amount of \$30,421,562.
3. The Memphis tax rate would be reduced by approximately 8 cents. This would offset any tax increase by Shelby County, which was caused by assuming most of the cost of the Health Department. Memphians would receive a net tax decrease.
4. Over the next 6 months, each committee of the Council should thoroughly review a separate division of city government to identify cost savings opportunities. For example, there have been discussions in the budget committee questioning the need for some middle and upper level management positions. In addition, privatizing certain services has been discussed. Each committee should have a written report by December 31, 2009.